

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

**In the Matter of the Application of
Questar Gas Company for an
Increase in Rates and Charges**

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Docket No. 02-057-02

**DIRECT TESTIMONY
OF KELLY A. FRANCONI
FOR THE COMMITTEE OF
CONSUMER SERVICES**

30 August, 2002

1 Q: **PLEASE STATE YOUR NAME, WHO YOU REPRESENT AND YOUR**
2 **CURRENT JOB POSITION FOR THE RECORD.**

3 A: My name is Kelly A. Francone. I am presently employed as a Utility
4 Analyst with the Committee of Consumer Services (Committee).

5

6 Q: **PLEASE STATE THE PURPOSE OF YOUR TESTIMONY.**

7 A: The purpose of my testimony is to provide the Committee's
8 recommendation on the level of Questar Gas Company's (Questar Gas or
9 the Company) Basic Service Fee for GS-1 customers¹.

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11 Q: **PLEASE PROVIDE AN OVERVIEW OF THE COMMITTEE'S**
12 **RECOMMENDATION.**

13 A: On page 14 of his testimony, Questar Gas Witness Barry McKay states
14 that the actual cost for the monthly basic service fee, or what has
15 traditionally been called the customer charge, equals \$6.29. Based on
16 this analysis, Questar Gas proposes to increase rates from \$5.00 to \$6.00
17 per month for GS-1 customers. While the Committee does not dispute the
18 calculations performed by the Company or their accuracy, the Committee
19 does not support increasing the customer charge for several reasons.

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¹ Committee Witness Michael McFadden addresses splitting up GS-1 customers into separate classes to more correctly reflect their specific costs.

1 Q: **PLEASE EXPLAIN WHY THE COMMITTEE IS RECOMMENDING THAT**
2 **THE CUSTOMER CHARGE NOT BE INCREASED AT THIS TIME.**

3 A: The Committee believes that the monthly rate should remain at \$5 from a
4 policy standpoint. For over a decade the Public Service Commission
5 (Commission) has continued to maintain PacifiCorp's monthly residential
6 customer charge at \$1 or less in Utah. The Committee believes keeping
7 Questar Gas' customer charge at its current level will provide some
8 symmetry between the two utilities.

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10 Q: **ARE THERE OTHER FACTORS IN DETERMINING PACIFICORP'S**
11 **CUSTOMER CHARGE THAT MIGHT IMPACT HOW QUESTAR GAS'**
12 **SHOULD BE DETERMINED?**

13 A: Yes. In Docket No. 99-035-10, PacifiCorp testimony showed that the cost
14 of the residential customer charge was \$6. However, using a preferred
15 method of calculating the customer charge, the Commission determined
16 the cost to be \$2.60 per month. While the Commission recognized that
17 cost, in its Order it concluded that the 98-cent customer charge should
18 remain in place. The 98 cents represents only 16 percent of what
19 PacifiCorp calculated as its customer charge (\$6) for the residential class
20 in that docket.

21 According to Mr. McKay, Questar Gas also applied the
22 methodology approved by the Commission in previous natural gas
23 dockets to determine the monthly charge of \$6.29 for this current case. If

1 the Commission used the same ratio to determine what Questar Gas
2 could collect from customers that it has applied to PacifiCorp – 37.5% of
3 the preferred method calculation of \$2.60 - the result would be \$2.36, less
4 than 50 percent of the \$5 that is currently being collected.

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6 Q: **WHAT OTHER ISSUES SUPPORT KEEPING THE CUSTOMER**
7 **CHARGE AT ITS CURRENT LEVEL?**

8 A: In past electric and natural gas rate cases, including Dockets 90-035-06,
9 99-035-10, and 93-057-01, the Commission has denied proposals by
10 utility companies to increase the monthly customer charge. The
11 Commission has stated in both PacifiCorp rate cases identified above that
12 “Utah customers neither understand nor accept the customer charge.”
13 The Commission believes that this charge is misunderstood and that
14 customers resent the fact that they have to pay a fee they have no control
15 over.

16 On page 13 of his testimony Mr. McKay agrees that this fee is
17 misunderstood and that it has “become a source of complaint for many
18 customers.” The Committee does not believe changing the name from
19 “Customer Charge” to “Basic Service Fee” and increasing it by \$1 will
20 alleviate either of those problems.

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1 Q: ARE THERE ANY OTHER FACTORS THAT SHOULD BE
2 CONSIDERED?

3 A: Yes. The Commission has kept customer charges at their same levels to
4 balance other rate design objectives like energy conservation, which the
5 Committee strongly supports. The Commission stated in its Docket 99-
6 035-10 Order that “a smaller customer charge promotes energy
7 conservation and its associated social benefits, which are enjoyed by all.”
8 The Commission also concluded that this policy, therefore, was in the
9 public interest.
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11 Q: WHAT EFFECT DO YOU BELIEVE AN INCREASE MIGHT HAVE ON
12 CUSTOMERS?

13 A: Based on the fact that PacifiCorp’s customer charge has remained level
14 and the Commission, in many cases, has historically established customer
15 charge levels below those calculated by both PacifiCorp and Questar Gas,
16 the Committee believes that increasing Questar Gas’ monthly charge will
17 send a mixed signal to customers. This is particularly true in light of the
18 fact that over the last few years Questar Gas has reduced the level of
19 services provided to customers².
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21 Q: DOES THIS CONCLUDE YOUR TESTIMONY.

22 A: Yes, it does.
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² Some customers incorrectly relate the customer charge to the actual customer services they receive.

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